



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, SEPTEMBER 21, 2006
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

SAMSUNG EXECUTIVE AGREES TO PLEAD GUILTY, SERVE JAIL TIME FOR PARTICIPATING IN DRAM PRICE-FIXING CONSPIRACY

U.S. Executive Admits Role in Global Cartel, Agrees to Prison Term

WASHINGTON — A San Jose, Calif., executive of Samsung Semiconductor Inc. — the world's largest manufacturer of a common computer component called dynamic random access memory or DRAM — has agreed to plead guilty and to serve jail time for participating in a global conspiracy to fix DRAM prices, the Department of Justice announced.

The charged executive, Thomas Quinn, participated in the price-fixing conspiracy in his capacity as vice president of marketing for memory products at Samsung Semiconductor Inc., a United States subsidiary of Korean memory maker Samsung Electronics Company Ltd. Quinn was charged with violating the Sherman Act in a one-count information alleging participation in an agreement to fix prices of DRAM and to coordinate bids in an auction held by a DRAM purchaser.

Under the plea agreement, which must be approved by the court, Quinn has agreed to serve eight months in prison and to pay a criminal fine of \$250,000. In addition, Quinn has agreed to assist the Department in its ongoing investigation.

"Prison time for price-fixers remains the most potent deterrent to illegal cartel activity," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "Today's action sends a clear message—those who engage in price-fixing schemes will be held accountable for their illegal conduct."

Including today's charge, four companies and 13 individuals have been charged and fines totaling more than \$731 million have resulted from the Department's DRAM investigation. The \$731 million in criminal fines is the second highest total obtained by the Department of Justice in a criminal antitrust investigation into a specific industry.

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for a wide variety of computer, telecommunication, and consumer electronic products. DRAM is used in personal computers, laptops, workstations, servers, printers, hard disk drives, personal digital assistants (PDAs), modems, mobile phones, telecommunication hubs and routers, digital cameras, video recorders and TVs, digital set top boxes, game consoles, and digital music players. There were

approximately \$7.7 billion in DRAM sales in the United States in 2004.

According to the one-count felony charge filed today in federal court in San Francisco, Quinn conspired with unnamed employees from other memory makers to fix the prices of DRAM sold to certain original equipment manufacturers from on or about April 1, 2001 to on or about June 15, 2002, and to coordinate bids on a Dec. 5, 2001 Sun Microsystems Inc., auction. The price-fixing scheme directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Company, Compaq Computer Corporation, International Business Machines Corporation, Apple Computer Inc., Gateway Inc., and Sun Microsystems Inc., the Department said.

Quinn is charged with carrying out the price-fixing conspiracy by:

- Participating in meetings, conversations, and communications with competitors to discuss the prices of DRAM to be sold to certain customers; and
- Agreeing with competitors to coordinate bids submitted to Sun Microsystems Inc.

“This is the most recent charge in our continuing efforts to bring to justice both domestic and foreign-based executives who were involved with fixing DRAM prices,” said Scott D. Hammond, the Antitrust Division’s Director of Criminal Enforcement. “We are still very actively investigating antitrust violations in the DRAM industry.”

Quinn is the fourth Samsung executive to agree to a prison sentence in the DRAM investigation. Three foreign-based Samsung executives, Sun Woo Lee, Young Woo Lee, and Yeongho Kang, have already pleaded guilty and agreed to serve prison terms ranging from seven to eight months and to pay fines of \$250,000 each. In addition, four Hynix Semiconductor Inc., executives, Dae Soo Kim, Chae Kyun Chung, Kun Chul Suh, and Choon Yub Choi, were charged with participating in the DRAM price-fixing conspiracy and agreed to plead guilty and serve jail terms ranging from five to eight months and to each pay a \$250,000 fine. In December 2004, four Infineon executives, T. Rudd Corwin, Peter Schaefer, Gunter Hefner, and Heinrich Florian, pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served jail terms ranging from four to six months and each paid a \$250,000 fine.

Also, in December 2003 the Department charged Alfred Censullo, a Regional Sales Manager for Micron Technology Inc., with obstruction of justice. Censullo pleaded guilty and admitted to having withheld and altered documents responsive to a grand jury subpoena served on Micron. Censullo was sentenced to serve six months of home detention.

In total, four companies have been charged with price fixing in the DRAM investigation. Samsung pleaded guilty to the price-fixing conspiracy and was sentenced to pay a \$300 million criminal fine in November 2005. Hynix, the world’s second-largest DRAM manufacturer, pleaded guilty and was sentenced to pay a \$185 million criminal fine in May 2005. In January 2006, Japanese manufacturer Elpida Memory agreed to plead guilty and pay an \$84 million fine. In October 2004, German manufacturer Infineon pleaded guilty and was sentenced to pay a \$160 million criminal fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's San Francisco Office and the Federal Bureau of Investigation (FBI) in San Francisco.

Anyone with information concerning price-fixing or bid rigging in the DRAM industry should contact the San Francisco Office of the Antitrust Division at 415-436-6660 or the San Francisco Division of the FBI at (415) 553-7400. Case filings can be viewed on the Antitrust Division's Web site, <http://www.usdoj.gov/atr/>.

###

06-642